



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, September 20, 2016

**Scottsdale Museum of the West
3830 N. Marshall Way
Scottsdale, Arizona 85251
APPROVED MINUTES**

- PRESENT:** David Scholefield, Chairperson
Ren Hirose, Vice Chairperson
Frank Ashmore
Linda Dillenbeck
Camille Hill
Robert McCreary
- ABSENT:** Carl Grupp
- STAFF:** Steve Geiogamah
Karen Churchard
Lee Guillory
Jeff Nichols
- GUESTS:** Chelsea Fox, R Entertainment Company
Kerry Dunne, R Entertainment Company
Sean Gillespie, Grand Prix Scottsdale
Andrew Bracanovich, Grand Prix Scottsdale

1. Call to Order/Roll Call

Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m., and noted the presence of a quorum. He acknowledged Ace Bailey's service to the TDC, and welcomed Frank Ashmore as the newest Commissioner.

2. Approval of Minutes

- August 16, 2016 Regular Meeting

Chairperson Scholefield noted two corrections.

COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE AUGUST 16, 2016 REGULAR MEETING AS AMENDED. COMMISSIONER DILLENBECK SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

3. Manager Reports

a. Staff Bed Tax Report

Steve Geiogamah reported that bed tax collections were up 8% in July, and up year to date by 11%. Restaurant sales tax collections were up 4%, and miscellaneous retail sales tax were up 4%. In terms of classifications, resorts were up 11.4%, limited service properties were up 11%, and full service properties were down 3.8%. Staff has been monitoring recent changes to the hotel classification property list with the Tax Audit Department.

b. Bed Tax Proforma

Mr. Geiogamah said staff has been updating the proforma FY2015/16 actuals and the FY2017/18 estimates. The proforma now notes the \$150,000 toward the NCAA Men's College Basketball Final Four, which was approved by City Council on Tuesday September 13. It also notes that the recommendation to allocate \$745,000 from the carryover budget for the Tourism Strategic Plan will go before City Council on October 10.

Vice Chairperson Hirose noted that City Council has yet to move forward on establishing a Bed Tax Stabilization Fund of \$2.6 million. Mr. Geiogamah said a working group has been identified to liaise with City Council on initiatives such as the stabilization fund.

c. Smith Travel Report

Mr. Geiogamah presented STR highlights for July, noting that the average daily rate over the past 12 months continues to be positive at 1.4% growth. Revpar is up 1.2%, while occupancy is relatively flat. The group average daily rate is up 1.8%, while revpar is relatively flat and occupancy is down 1.6%.

d. Program Updates

Mr. Geiogamah reported that the Downtown Farmers Market agreement will be presented to City Council this evening. The purpose of the agreement is to authorize temporary use of a portion of a City parking lot on the southwest corner of 1st Street and Brown Avenue for Saturday markets from October to June.

Mr. Geiogamah said staff and commission received a public comment on standing water near WestWorld. Scottsdale's Environmental Specialist provided a report to the Commission on the situation. Maricopa County confirmed, through water and air sampling, that the WestWorld staff are effectively treating standing water in the east basin, and the water there is not supporting mosquito life cycles. Chairperson Scholefield noted that Councilman Smith requested a City Council agenda item on this matter.

4. Event Funding Program Recommendations

Mr. Geiogamah presented the recommendations of the Event Working Group.

a) Barrett-Jackson Collector Car Auction - January 14-22

Last year's attendance was 350,000, and the event received \$30,000 in funding. The working group recommended \$30,000 for this year as well.

b) Competitor Group Rock 'n' Roll Marathon - January 14-15

Participation was over 23,000 last year. The marathon received \$50,250 plus barricading amenities last year, and is requesting \$30,000 this year. The working group recommended \$15,000, as that amount better reflects the appropriate tier level based on the number of room nights generated by the event.

c) Scottsdale Philharmonic Concert Series

This is a series of community concerts that drew over 7,000 people last year. The orchestra requested and received \$7,000 last year. This year the request is for \$15,000, and the working group has recommended \$15,900, with the increase accounting for seasonality.

d) Gatsby Under the Stars Gala

This community event program will take place in conjunction with the Grand Prix of Scottsdale. The working group recommended \$5,000 for Gatsby, unless the Grand Prix funding request is approved later in the meeting. Mr. Geiogamah emphasized that events cannot receive funding from two different bed tax funding sources.

Vice Chairperson Hirose explained that the working group discussed the ties between the two events and felt they were too close. He noted that the Scottsdale Philharmonic received several recommendations from Mayor Lane and City Council.

COMMISSIONER HIROSE MOVED TO APPROVE THE EVENT FUNDING RECOMMENDATIONS AS PRESENTED, WITH THE CAVEAT THAT THE GATSBY GALA WOULD ONLY RECEIVE FUNDING IF THE GRAND PRIX OF SCOTTSDALE DOES NOT RECEIVE FUNDING IN AGENDA ITEM 8. COMMISSIONER DILLENBECK SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

5. Museum of the West Budget Adjustment

Jeff Nichols explained that the Museum of the West was funded by MPC bonds and Tourism Development Fund bonds. Some charges are, according to federal guidelines, not capitalizable, because they are estimated expenditures and not direct charges. To correct this, he proposed transferring \$83,699 of MPC bonds funding from the Museum of the West project to the Museum of the West Permanent Hopi Pottery Gallery project,

and subsequently transferring \$83,699 in Tourism Development Funds from the Museum of the West Permanent Hopi Pottery Gallery to the Museum of the West project.

Commissioner Hill inquired about the possible drawbacks of such a move. Mr. Nichols responded that there are no negatives since the Commission approved funding for both projects. Chairperson Scholefield inquired about the net impact on the TDC's proforma. Mr. Nichols said there will be no impact.

COMMISSIONER HILL MOVED TO APPROVE THE BUDGET ADJUSTMENT AS PRESENTED. COMMISSIONER DILLENBECK SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

6. Downtown Scottsdale Holiday Event

Karen Churchard, Tourism and Events Director, provided an update on the progress of the Downtown Scottsdale holiday event as requested by the Commission. The holiday event is part of the five-year strategic plan. It offers another product for the SCVB to promote as part of their ongoing holiday campaign, and provides the community with an event in the downtown area. Scottsdale used to hold Holiday Harmony in downtown, but that event was cut during the recession and has not returned. This new holiday event uses the canal banks as a jumping-off point for shopping at both Scottsdale Fashion Square and the merchants south of the canal.

Ms. Churchard stated that PS Studios, an advertising agency, has been hired to help develop a name and brand for this event. They proposed it be called Scottsdazzle and developed a design concept for the branding. Collateral materials are being produced for promotions. A website will be developed to provide up to date information. The name Scottsdazzle is flexible enough to be used throughout the city as the event grows beyond downtown.

Ms. Churchard said that 270 hanging poinsettia baskets have been ordered for the streets. Parks and Recreation is looking into coloring the fountains red. Public Art is arranging to bring Los Trompos (Spinning Tops) an art installation by artists Hector Esrawe and Ignacio Cadena to Scottsdale. It consists of ten interactive pieces that will be placed throughout downtown. A new 36-foot tall animated holiday tree is on its way to Arizona from Italy. The six weeks of Scottsdazzle will be punctuated by major events including the tree lighting, Small Business Saturday, Art Walk Gold Palette, I Spy Santa, and Santa Wine Around.

Vice Chairperson Hirose suggested that some of the events scheduled for Thursday night be moved to the weekend so that more tourists can participate. Thursday is the day most corporate customers leave and the tourists generally do not arrive until Friday.

Ms. Churchard reviewed a list of ongoing activities throughout the six weeks of Scottsdazzle. Fifth Avenue will be decorated as Sugar Plum Avenue on Saturday afternoons. Cowboy Christmas will return to Old Town this year, also on Saturday afternoons. The farmers market will feature cooking demonstrations, crafting tables, and

charitable events. The trolley service will connect shoppers to the parking areas throughout downtown. Scottsdale will help promote the Old Adobe Mission's traditional Miracle of Roses Pageant on Saturday, December 10. Museum of the West is offering a western town made out of gingerbread, and a polar express train. Scottsdale Artist's School will offer an open painting event. Scottsdale Center for the Performing Arts will feature Sister's Christmas Catechism. Staff is working with merchants and restaurants to arrange special promotions.

Commissioner Dillenbeck inquired about the promotional campaign. Ms. Churchard explained that Scottsdale contracted with Susie Tims to handle media relations and social media. She has a background working with restaurants and bars. There will be little to no traditional advertising this year. The SCVB will be promoting it along with their holiday campaign. Chairperson Scholefield said the concierge network is the key to reaching hotel guests.

Vice Chairperson Hirose suggested adding events that appeal directly to millennials, and reaching out to them through a Scottsdale app that can point out special deals and events that are occurring in their vicinity throughout the year. He also recommended reaching out to involve Scottsdale Quarter. Chairperson Scholefield requested an update in the October or November meeting.

7. AZCentral Food and Wine Experience Event Funding Proposal

Commissioner McCreary recused himself from this discussion.

Steve Geiogamah said R Entertainment is requesting \$75,000 in New Event Development funding in support of the AZCentral Food and Wine Experience that will take place at Salt River Fields at Talking Stick in the Salt River Pima-Maricopa Indian Community from November 4 through 6. New Event Development funding is available for events that take place outside the city limits of Scottsdale, and is generally provided to mega-events that provide a large regional benefit and have direct dollar support from multiple communities. This event received \$75,000 last year.

Kerry Dunne, R Entertainment Company, said Scottsdale's support last year helped to establish a solid foundation for the festival. Its success meant that it outgrew the initial space in the first year. The old site could not be guaranteed either. That prompted the move to Salt River Fields at Talking Stick, where the larger site will allow for expansion. All promotions feature Scottsdale branding prominently. Chelsea Fox, R Entertainment Company, said the festival generated many compliments from chefs nationwide who said they loved coming here.

Mr. Dunne said Gannett, which owns 109 newspapers in the U.S., is an event partner. Their regional newspapers in southern California are marketing the event. USA Today ads will run in several important feeder markets. Last year generated 156 million total consumer impressions, which equated to about \$1.6 million in advertising value leverage. Ms. Fox said all the events of last year will return this year and be supplemented by new experiences. Opening night will be a charity event. A large number of award winning chefs will be in attendance over three days.

Mr. Dunne said the festival will target the social media followers of celebrity chefs to spread the word that they will be appearing in Scottsdale. Ms. Fox said the national exposure that this festival brings will highlight Scottsdale as a sophisticated city. Over half of the participating restaurants are from Scottsdale, and many of them will be featured in USA Today ads. This will have a direct positive impact on Scottsdale economic development and tourism. It is held during the shoulder season, increases the awareness of Scottsdale as a food destination, and attracts tourists from many different states. Organizational spending by resident and visiting chefs was significant as well. The target audience is seasonal and out of market visitors of any age.

Mr. Dunne reported that last year a stay and play package was instituted with 14 of the hotels. Anybody who booked a room in those hotels during the festival weekend received two free tickets to the event. This program will be offered again. He thanked the TDC for supporting in the festival. Many national personalities are willing to invest significant resources into this event and it has the potential to grow into something special. It has generated a buzz and there is no other major competitive food event at the same time.

Chairperson Scholefield noted that several of the participating restaurants are from the hotel he works at. He expressed his concern that this could be construed as a conflict of interest. Mr. Geiogamah responded that he generally leaves it to the individual Commissioners to decide for themselves whether to recuse themselves. Chairperson Scholefield stated that he is unaware of the extent of their relationships, but knows that very often they participate in food and beverage events.

Vice Chairperson Hirose said he attended last year's event. The TDC took a leap of faith and he was glad to see that it worked out. Even though the festival will be held just outside city limits, Scottsdale is prominently featured in the promotional material. Scottsdale embraces the Diamondbacks and the Rockies, even though they play at Talking Stick. It is a shoulder season event on the weekend before NASCAR. The stay and play packages are creative, and a good opportunity for Scottsdale hotels to get more business. The Gannett partnership is impressive, but he questioned their reach into the Canadian market. Mr. Dunne described the marketing efforts in Canada.

Commissioner Ashmore asked about the length of the commitment to Talking Stick. Mr. Dunne said he would like to hold the event in Scottsdale, but that would be a challenge given the space available. WestWorld was considered, but there are licensing issues that could not be overcome there, and the Fashion Square footprint was too small. The success of the first year set high expectations for the second year.

Commissioner Hill asked whether the rules and regulations that have been established for WestWorld prevented the festival from using that space. It seems like a perfect fit for that venue. Mr. Dunne explained that he was unable to find a way to make the license that is already in place at WestWorld work with the special event license. This is a common issue in many venues. He clarified that WestWorld has been an amazing partner, and stated that he would like to find a solution next year. Chairperson Scholefield offered the TDC's assistance in overcoming this hurdle. The Commission wants WestWorld to be successful, and needs to know about anything that prevents that from happening.

Chairperson Scholefield listed the options available to the TDC: to approve the request as presented; to recommend an alternate amount; to request additional staff evaluation; or to task the working group with discussing the impact on Scottsdale of events that occur outside city limits.

COMMISSIONER HIROSE MOVED TO RECOMMEND TOURISM DEVELOPMENT FUNDING UP TO \$75,000 FROM NEW EVENT DEVELOPMENT FUNDS IN SUPPORT OF THE AZCENTRAL FOOD AND WINE FESTIVAL. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0), WITH COMMISSIONER MCCREARY RECUSING HIMSELF. COMMISSIONER GRUPP WAS ABSENT.

8. Grand Prix Event Funding Proposal

Steve Geiogamah stated that the Grand Prix of Scottsdale is requesting \$55,000 from the New Event Development Fund for the racing event that takes place November 6. Ancillary activities will take place beginning on November 4 at the waterfront.

Sean Gillespie, Grand Prix of Scottsdale, said this is a unique event that originated in downtown Scottsdale. The cars used in the race are built locally, and orders for them are coming from as far away as Holland and China. The race is open to the public and is multi-generational in appeal. It harkens back to the classic days of auto racing, where competition was valued over money, and evokes a 1920s and 30s theme. A secondary event emerged from this theme, the Gatsby Gala, which sold out last year in under five minutes. A charity is running all the Gatsby events, while Grand Prix is solely running the race itself. The events will cross-promote each other.

Mr. Gillespie said the race runs through downtown Scottsdale. Attendance last year was approximately 10,000 throughout the day. The course was shortened this year to accommodate some of the gallery and parking concerns, and to increase excitement. Room blocks have been arranged with Marriott and Hyatt, and more agreements are in the works.

Mr. Gillespie said much of the marketing value is handled in trade, with sponsoring companies getting vehicles and race spots in return for print and radio exposure. Gannett is doing a story on the race in USA Today. Classiccars.com and I Heart Radio are among the sponsors. Cars have been displayed at events such as Russo and Steele, and the Concours d'Elegance in Pebble Beach. Car and Driver will be doing a four-page spread. Other cities have inquired about bringing the race to their communities. Even if the idea takes off elsewhere, Scottsdale will always remain the primary location. Commissioner Hill inquired about the other interested cities. Mr. Gillespie responded that Las Vegas, El Paso, Houston, Detroit, Atlanta and San Diego have expressed interest.

Chairperson Scholefield inquired about expanding the reach of the event to other areas of Scottsdale beyond downtown. Mr. Gillespie said that 55 cars are available to place at various locations throughout the city to build awareness of the race. There will be a pit row, and drivers will be able to advertise their companies there. Forty cars will be available to 240 participating drivers. Commissioner Dillenbeck proposed inviting nationally known writers to participate in the race, and suggested cross-promotion with

the food and wine festival, which runs on the same weekend. Vice Chairperson Hirose suggested making some of the cars available to the public to drive.

COMMISSIONER DILLENBECK MOVED TO RECOMMEND TOURISM DEVELOPMENT FUNDING UP TO \$55,000 FROM NEW EVENT DEVELOPMENT FUNDS IN SUPPORT OF THE 2016 GRAND PRIX OF SCOTTSDALE. COMMISSIONER HILL SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER GRUPP WAS ABSENT.

Mr. Geiogamah suggested tasking the working group with developing guidelines to determine the value of media impressions vs. direct cash investment. Chairperson Scholefield agreed, saying that this is a new trend in marketing funding and it will be critically important to address it. He also proposed that the working group have preliminary discussions on events that might be held outside Scottsdale but have an impact in Scottsdale.

9. Public Comment

There were no public comments.

10. Identification of Future Agenda Items

The next scheduled meeting is October 18, 2016. Possible agenda items include a report on the International Festivals and Events Association conference, the marketing plan for Museum of the West, dust control issues at WestWorld, an update on Canal Convergence, and a funding proposal for Crush Brew.

Several Commissioners reiterated the need to understand the issues that prevented the food and wine festival from occurring at WestWorld. Chairperson Scholefield felt that the issue was important enough to justify a special work study session, rather than just an agenda item.

Adjournment

The meeting adjourned at 9:53 a.m.

Recorded and Transcribed by eScribers, LLC